

SUPPLIER AGREEMENT

This Supplier Agreement ("Agreement") is made between Thielert Aircraft Engines GmbH ("TAE") and Superior Air Parts, Inc. ("Superior").

In consideration of their mutual covenants, and for other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

SECTION I PURCHASE AND SALE

1.01. Manufacturing Requirements. TAE agrees to manufacture and sell and Superior agrees to purchase the aircraft parts ("Product") listed on Schedule 1.01.

1.02. Terms. TAE agrees to sell the Product to Superior under the terms, conditions and prices listed on Schedule 1.02. TAE warrants that its output capability is sufficient to supply the requirements of Superior as set forth in Schedule 1.02.

1.03. Currency. All transactions shall be in United States dollars.

1.04. Orders. All deliveries of the Product shall be made by Superior's issuance of its purchase order to TAE. In the event of conflict between a purchase order and this Agreement, this Agreement will control. Payment terms are net thirty (30) days.

1.05. Termination or Modification. Superior may notify TAE to terminate, modify or reduce an order at which time TAE shall cease all work on the order. In the event of such notice: (a) Superior shall pay for all goods on such order already completed by TAE following delivery and acceptance in accordance with the provisions of this Agreement, (b) TAE may make a reasonable adjustment in price to cover any increase in its costs resulting from the notice, and (c) Superior shall make no reimbursement for raw materials or materials in the course of manufacture which exceed those needed to complete the original purchase order.

1.06. Shipment. All Product shall be shipped at Superior's expense.

1.07. Delivery. Delivery is made when the Product arrives at Dresden Airport, Germany. Product shall be shipped so as to be delivered not later than the 1st day of each month. TAE agrees to pay a late delivery charge equivalent to a ½ % discount on any Product delivered between the 10th and 15th day of any month and a 1% discount per day for each calendar day after the 15th day of each month up to a maximum of 5%.

1.08. Delays and Shortages. If TAE determines at any time that some cause will prevent the timely delivery of the quantity of ordered Product, TAE will immediately notify Superior and state its best estimate of the revised delivery schedule. Provided however, that if TAE fails to deliver the

Product on the schedule and in the quantities specified on three (3) consecutive purchase orders, and regardless of cause, Superior may terminate this Agreement.

1.09. Title. Title to the Product passes to Superior upon payment. Title to rejected Product shall remain in Superior until TAE returns the full purchase price to Superior in accordance with Section V.

1.10. Risk of Loss. The risk of loss from any casualty to the Product, regardless of cause, shall be on TAE up to the time of delivery at Dresden Airport, Germany. Thereafter, such risk shall be on Superior unless the Product is rejected by Superior in accordance with Section V. After rejection, the risk of loss shall be on Superior up to the time the Product is delivered at DFW International Airport for return to TAE.

SECTION II TERM OF AGREEMENT

2.01. Effective Date. This Agreement shall take effect on the date it has been executed by both parties and shall continue in effect for three (3) years from the date of execution unless terminated earlier as provided elsewhere in this Agreement.

SECTION III TECHNICAL DATA

3.01. Technical Data. Superior shall deliver to TAE all drawings and the related data and information that TAE may request and which is reasonably required for the intended use of the drawings.

3.02. Title. Superior shall retain title to all Superior furnished drawings, related data (whether or not maintained or stored on computer) and information supplied to TAE under this Agreement. TAE will maintain the confidentiality of all drawings, data and information supplied by Superior and will return such drawings, data and information to Superior upon the termination of this Agreement.

3.03. Proprietary Rights Data. Superior's drawings, related data and information shall be used by TAE only for the performance of its obligations under this Agreement, unless otherwise provided in this Agreement or expressly approved by Superior in writing.

3.04. Preservation. TAE assumes the risk of, and shall be responsible for, any loss or destruction of, or damage to, the drawings, related data or information of Superior upon its delivery to TAE.

SECTION IV QUALITY CONTROL AND AUDIT

4.01. Conformity. TAE warrants that all Product delivered under this Agreement shall be free from defects in material and workmanship and will meet or exceed the requirements of Superior's purchase orders, the current Superior's Quality Requirements for Suppliers and the applicable descriptions, specifications, and drawings.

4.02. Initial Audit and First Article Inspection. Upon execution of this Agreement, Superior shall have the right to audit TAE's production facility for compliance with Superior's quality and inspection requirements ("Initial Audit") and for the purpose of adding TAE to Superior's FAA approved vendor list. Should TAE's facility fail to pass the Initial Audit, TAE shall have a reasonable time to cure. If TAE fails to cure within a reasonable time, Superior may terminate this Agreement without further obligation or liability.

4.03. Continuing Audit. During the course of this Agreement, Superior and the FAA shall have the right to audit TAE's production facility for compliance with Superior's quality and inspection requirements and the Federal Aviation Regulations upon reasonable notice. If discrepancies are noted, TAE shall have a reasonable time to cure. If TAE fails to cure within a reasonable time, Superior may terminate this Agreement without further obligation or liability except to pay for Product already shipped, subject to the terms of this Agreement.

4.04. Inspection and Certification. TAE shall inspect and test all Product prior to shipment to Superior and TAE will provide a letter of conformity and any additional required certifications with each shipment of Product. All testing and inspection by TAE shall be in accordance with Superior's FAA Approved Quality Control Manual. Notwithstanding any inspection by TAE, all Product shall be subject to final inspection and acceptance by Superior at Superior's facility in Dallas, Texas.

SECTION V INSPECTION AND REJECTED PRODUCT

5.01. Inspection. Should Superior reject any Product for failure to conform to the requirements of an order, Superior shall notify TAE of such rejection within thirty (30) days of receipt at Superior's facility and TAE shall have the option to repair or replace the non-conforming Product at its expense. Should TAE fail to act to correct any Product within sixty (60) days of when the parties agree it is non-conforming, Superior may return such non-conforming Product to TAE and TAE shall return the full purchase price to Superior. Rejected Product shall be returned at TAE's expense.

5.02. Reject Rate. If the reject rate for such non-conforming product exceeds 2% for a period of two (2) consecutive orders, TAE shall have a reasonable time to cure. If TAE fails to cure within a reasonable time, Superior may terminate this Agreement without further obligation or liability except to pay for Product already shipped, subject to the terms of this Agreement.

SECTION VI WARRANTY

6.01. Warranty Administration. TAE understands and agrees that Superior will offer a warranty on the Product to Product purchasers. The parties agree that Superior shall administer the Product warranty and that TAE will provide full technical assistance, documentation and other cooperation necessary to fully administer this third-party warranty. Provided however, that TAE assumes all responsibility for defects in material and workmanship in the Product.

6.02 Exemption. TAE shall not be responsible for defects in the Product arising out of or resulting from defects in the Technical Data provided by Superior according to Section III. of this Agreement or defects arising out of or resulting from installation or further processing of the Product by Superior.

SECTION VII INDEMNIFICATION AND INSURANCE

7.01. Indemnification of Superior. TAE shall defend, indemnify and hold Superior, its directors, officers, employees and agents harmless from and against, any and all claims, demands, suits and causes of action which may be made against Superior, including without limitation, all attorneys' fees, costs and expenses incurred in defense thereof, for death, personal injury, property damage or any loss whatsoever, and arising out of or resulting from defects in material or workmanship in the Product delivered under this Agreement but not for defects in the Technical Data provided by Superior according to Section III. of this Agreement or defects arising out of or resulting from installation or further processing of the Product by Superior.

7.02. Indemnification of TAE. Superior shall defend, indemnify and hold TAE, its directors, officers, employees and agents harmless from and against, any and all claims, demands, suits and causes of action which may be made against TAE, including without limitation, all attorneys' fees, costs and expenses incurred in defense thereof, for death, personal injury, property damage or any loss whatsoever, and arising out of or resulting from defects in the Technical Data provided by Superior according to Section III of this Agreement or defects arising out of or resulting from installation or further processing of the Product by Superior.

The parties acknowledge that their indemnification of the other extends to and includes claims, demands, suits, and causes of action made against the other sounding in strict liability, negligence and breach of express or implied warranties. The parties further acknowledges that their indemnification of the other is without limitation, and is without regard to whether the strict liability, negligence or breach of warranty is alleged to be sole, vicarious, or active or passive in nature.

7.03. Insurance. While this Agreement is in effect and to fully effect the intent of this indemnification, each party will maintain standard form combined single-limit product liability completed operations insurance in the amount of at least \$10,000,000, under terms and conditions

ordinarily available in the insurance market. The insurance will be maintained with liability insurers of recognized responsibility acceptable to the other party, will name the indemnitee as an additional insured to the extent of the indemnitor's responsibility under this Agreement, will provide that such insurance is primary over any other valid and collectible insurance of the additional insured, will continue in force for at least thirty (30) days after written notice of cancellation or termination of this Agreement from the indemnitor, and will contain a waiver of any rights of subrogation such insurers may have against the additional insured. Each party will furnish to the other the certificate evidencing the specific coverages and provisions required by this section.

SECTION VIII FORCE MAJEURE

8.01 Force Majeure. Neither party shall be responsible for, nor be deemed to be in default under, this Agreement on account of any delay in delivery of any Product or other performance hereunder due to any of the following causes: (i) acts of God, terrorist attacks, war, warlike operations, insurrections or riots; (ii) fires, floods or explosions; serious accidents; epidemics or quarantine restrictions; (iii) any act of government, governmental priorities, allocation regulations or orders affecting materials, facilities or the Product; (iv) strikes or labor troubles causing cessation, slowdown or interruption of work; (v) delay in transportation, or (vi) any other cause to the extent it is beyond such party's control and not occasioned by such party's fault or negligence. If either party is so prevented from timely performance of any of its obligations hereunder, the time for performance will be extended by a period of business days equal to the time lost by reason of such delay, provided that the party shall promptly notify the other party in writing of the cause of such delay or default. The affected party shall use its reasonable best efforts to remove the cause of delay.

SECTION IX TERMINATION

9.01. Termination. Either party may terminate this Agreement by ninety (90) day written notice. In addition, either party may terminate the Agreement for any of the following reasons:

- (a) The other party's failure to fulfill its obligations as specified in this Agreement;
- (b) The insolvency, filing of a petition for bankruptcy, or the voluntary appointment of a referee, trustee, conservator, or receiver for substantially all of a party's assets.
- (c) The transfer of substantially all of a party's assets to another entity.

9.02. Notice of Termination. Any party may terminate this Agreement without further notice if a breach is not remedied within ten (10) days from the date of written notice for any monetary breach and thirty (30) days from the date of written notice of any other breach.

9.03. Effect of Termination. Termination of this Agreement shall not release any party from any obligation or liability incurred prior to the effective date of such termination. Neither party shall not be liable to the other by reason of the termination for any compensation, reimbursement, or damages on account of the loss of anticipated sales or profits or on account of expenditures, investments, leases or commitments in connection with the business or goodwill or otherwise.

SECTION X OTHER TERMS AND CONDITIONS

10.01. Governing Law. This Agreement shall be construed and interpreted by and in accordance with the laws of the State of Texas, and whether or not any conflicts of law principle would refer the interpretation to the law of another jurisdiction.

10.02. Forum Selection. The parties agree and understand that the obligations of the parties under this Agreement shall be and are performable in Dallas County, Texas. The parties consent and agree that venue of any suit or legal proceeding brought by the other, or those in privity with them, and related to this Agreement, shall be in Dallas County, Texas. Further, the parties agree to hereby submit to the jurisdiction of the state or federal courts that are located in Dallas County, Texas, and designate the Secretary of State of Texas as their agent for service of process.

10.03. Attorneys Fees. The parties agree that, if it either should file suit or commence legal proceedings against the other related to this Agreement, the party filing suit or commencing legal proceedings will pay the other the costs of defending such suit or legal proceeding, including reasonable attorneys' fees, in the event that (a) the other party prevails in the suit or legal proceeding; or (b) the value of the recovery awarded to the party filing suit or commencing legal proceedings is equal to or less than any written settlement proposal made by the other party prior to commencement of the suit or legal proceeding.

10.04. Partial Invalidity. In the event that any provision of this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not effect any other provision hereof, and this Agreement shall be construed as if such provision(s) had never been contained in this Agreement.

10.05. Arbitration. TAE agrees that any dispute related to this Agreement, including the arbitrability of this Agreement shall, on the written request of the other party, be submitted to arbitration under the rules as Superior and TAE shall agree. If no agreement can be reached, such arbitration shall be governed by the Commercial Arbitration Rules of the American Arbitration Association.

10.06. Modification and Waiver. No modification or waiver of any provision of this Agreement shall arise from any action or inaction of either party, and shall not be binding except by an instrument in writing expressly waiving or modifying the provision and executed by the party entitled to the benefit of the provision.

) 10.07. Entire Agreement. This Agreement constitutes the entire agreement between TAE and Superior. Neither party shall be bound by any communications between them on the subject matter of this Agreement unless the communication is (a) in writing, (b) bears a date contemporaneous with or subsequent to the date of this Agreement, and (c) is agreed to by both parties to this Agreement. On execution of this Agreement, all prior agreements, letters of intent or understandings between the parties shall be null and void. Provided however, that nothing in this Agreement is intended to waive any claim TAE has already made for credits due Superior from prior transactions.

) 10.08. Assignability. By this Agreement, the parties intend to bind themselves, their successors and their assigns to the other party to this Agreement and to the successors and assigns of the other party to this Agreement with respect to all warranties and covenants of this Agreement. It is the specific intent of the parties that, should the stock or substantially all of the assets of a party be sold to a third party, that this Agreement shall be binding upon such purchaser. Provided, however, that neither TAE nor Superior shall assign this Agreement without the express written consent of the other.

) 10.09. Terms. The provisions of this Agreement shall apply to and form a part of every transaction between the parties concerning the subject matter of this Agreement and shall supersede any printed terms and conditions on any of the parties' forms.

) 10.10. Notices. All notices that are required or that may be given pursuant to the terms of this Agreement shall be in writing and shall be sufficient in all respects if given in writing and delivered personally or sent by registered or certified mail as follows:

If to Superior before 2/1/02

Bernie Coleman
President
Superior Air Parts, Inc.
14280 Gillis Road
Dallas, Texas 75244-3792

If to Superior after 2/1/02:

Bernie Coleman
President
Superior Air Parts, Inc.
621 S. Royal Lane
Suite 100
Coppell, Texas 7519

If to TAE:

) Frank Thielert
President
Thielert Motoren GMBH
Helbingstrabe 64-66
D-22047 Hamburg
Germany

10.11. Construction. The parties acknowledge that each party has reviewed this Agreement and agree that the rule of construction to the effect that any ambiguities be resolved against the drafting party, shall not be employed in the interpretation of this Agreement or any amendments or schedules. The parties agree that the section descriptions are made for ease of reference and may not be used to interpret this Agreement.

10.12. Authority. The parties represent and warrant that each is a legal entity duly organized and in good standing in the states and/or countries in which they have their principle offices and that each has the requisite authority to enter into and fulfill this Agreement.

10.13. Notice of Claim. The parties agree to promptly notify the other in writing within thirty (30) days of the receipt of any claims, demands, suits and causes of action referenced in Section VII.

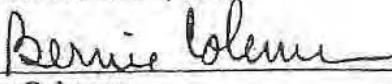
) 10.14. Government Approval. Superior will obtain from the FAA a PMA and any other required permit and authorization which is required for the manufacture and/or sale of the goods delivered under this Agreement. The copy of the applicable PMA's, permits and authorizations will be provided to TAE with each initial order. Each subsequent purchase order will specify the appropriate part number, PMA, permit and/or authorization. Superior will not accept goods under this Agreement which have not been manufactured under the appropriate FAA approvals.

Signed on this 15 the day of December, 2001, in Dallas County, Texas.

Thielert Aircraft Engines GmbH


Frank Thielert
President

Superior Air Parts, Inc.


Bernie Coleman
President

Schedule 1.01
Products

Part Number	Description	Production Costs (Each)
SL19332-1	Connecting Rod	\$200
SL11750-1	Connecting Rod	\$200
SL36500-A2	Crankshaft	\$2,060
SA530661	Camshaft	\$300
SA649520-A3	Camshaft	\$300
SL16511	Camshaft	\$250
SL18840	Camshaft	\$250
SL19340-2	Camshaft	\$325
SL75906	Camshaft	\$225
SA530851	Lifter	TBD
SA628488	Lifter	TBD
SA633106	Lifter	TBD
SA646846	Lifter	TBD
SA646846	Hydraulic Unit	TBD
SL15B21318	Lifter	TBD
SL71105	Lifter	TBD
SL72877	Lifter	TBD
SL78290	Lifter	TBD

*TBD = To be Determined

Schedule 1.02
SUPERIOR AIR PARTS, INC.
STANDARD TERMS AND CONDITIONS

1. ACCEPTANCE BY SELLER. These standard terms and conditions apply to and are incorporated in all purchase orders issued by Superior. By its acceptance of a purchase order, Seller agrees to be bound by the terms and conditions in this agreement.
2. UNIT PRICES. Prices indicated on a purchase order are maximum prices. Seller agrees to adjust the prices downward to any lower prices in effect on date of shipment.
3. PACKING. All goods shall be packaged in accordance with Superior's specifications and, where not specified, shall be suitably packed and prepared for shipment to prevent damage in transit, to insure the lowest transportation and insurance rates, and to meet carrier's requirements.
4. INVOICES/RECEIPTS. Seller must submit to Superior a separate invoice in duplicate for each purchase order. All invoices, bills of lading and delivery receipts must show the Superior purchase order number.
5. SUBSTITUTIONS. Seller shall notify Superior immediately upon receipt of a purchase order if Seller is unable to fully comply with the conditions in the purchase order. Superior may authorize shipment of substitute goods or shipment under different conditions by issuing a supplement to the purchase order. Unauthorized substitutions or shipments not conforming fully with the terms of the purchase order may be returned to Seller at Seller's expense.
6. CANCELLATION. If the Seller fails to make deliveries of the goods within the time specified in a purchase order, Superior may cancel the purchase order, except when Seller's delay in delivery is due to causes beyond the control of Seller. Seller shall notify Superior within ten (10) days that there will be such delay and of the new delivery schedule. In the event of the institution of any proceedings by or against either party in bankruptcy or insolvency, or for the appointment of a receiver or trustee, or of an assignment for the benefit of creditors, the other party shall be entitled to cancel a purchase order by written notice.
7. TERMINATION OR MODIFICATION. Superior may notify Seller to terminate, modify or reduce an order at which time Seller shall cease all work on the order. In the event of such notice: (a) Superior shall pay for all goods already completed by Seller following delivery and acceptance in accordance with the provisions of this agreement, (b) Seller may make a reasonable adjustment in price to cover any increase in its costs resulting from the notice, and (c) Superior shall make no

) reimbursement for raw materials or materials in the course of manufacture which exceed those needed to complete the original purchase order.

8. **INSPECTION AND REJECTION.** Notwithstanding any prior payment or inspection by Superior, all goods are subject to final inspection and approval by Superior at Superior's place of business in Dallas, Texas within a reasonable time of delivery. Non-conforming goods may be rejected by Superior by seasonable notice to the Seller and Superior may charge Seller's account with any expenses reasonably incurred in their inspection, receipt, transportation, care and custody. Following notice of rejection, Superior may hold any rejected goods at the risk of Seller or may return such items to Seller at Seller's expense. After such notice of rejection, title to and risk of loss of the rejected goods shall be in Seller and Seller shall refund the full purchase price of such non-conforming goods to Superior.
9. **WARRANTY.** Seller warrants to Superior that all goods delivered under a purchase order will be free from defects in material and workmanship and will conform to the requirements of the purchase order including the applicable descriptions, specifications, and drawings that have been agreed to by the parties. Seller further warrants that its current and future manufacturing facilities and quality control procedures do and will comply with all applicable FAA regulations.
10. **INDEMNITY.** Seller shall defend, indemnify and hold Superior, its directors, officers, employees and agents harmless from and against any and all liabilities, claims, demands, suits, damages, losses and causes of action, including, without limitation, all attorneys' fees, costs and expenses, which may be made against or incurred by Superior a) for death, personal injury and/or for loss, damage or destruction of any property whatsoever arising out of or resulting from the condition of the goods delivered under any purchase order, and b) any illegal infringement or violation of any one or more patents or applications therefor.
11. **ASSIGNMENT.** Purchase orders may not be assigned by the Seller.
12. **BUYER SUPPLIED ITEMS.** Superior shall retain title to all Superior furnished drawings, equipment, data and information supplied to Seller. Seller shall be responsible for any loss or damage to the drawings, equipment, data or information supplied by Superior, reasonable wear and tear excepted. Seller will maintain the confidentiality of all such drawings, data and information and may not reproduce or divulge such information without the express written consent of Superior. Superior's drawings, equipment, data and information shall be used by Seller only for the performance of its obligations under the purchase order and Seller will return all drawings, equipment, data and information to Superior at Superior's request.

13. **LIMITATION OF DAMAGES.** Seller shall have no claim for damages, compensation, lost profits, allowance or otherwise by reason of any action taken or notice given by Superior, except as provided under the terms of this agreement.
14. **INVALIDITY.** In the event that any provision of this agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not effect any other provision hereof, and this agreement shall be construed as if such provision(s) had never been contained in this agreement.
15. **ARBITRATION.** Seller agrees that any dispute related to a purchase order or this agreement shall, on the written request of Superior, be submitted to arbitration under the rules as Superior and Seller shall agree. If no agreement can be reached, such arbitration shall be governed by the Commercial Arbitration Rules of the American Arbitration Association.
16. **NON-WAIVER.** No waiver of any provision of this agreement shall arise from any action or inaction of either party, except an instrument in writing expressly waiving the provision and executed by the party entitled to the benefit of the provision.
17. **ENTIRE AGREEMENT.** This agreement and the purchase orders of which it is a part constitute the entire agreement between Seller and Superior and neither party shall be bound by any communications between them unless the communication is (a) in writing, (b) bears a date contemporaneous with or subsequent to the date of this agreement, and (c) is agreed to by both parties. In the case of contradiction between this agreement and the purchase order, this agreement shall control.
18. **VENUE AND JURISDICTION.** Seller agrees and understands that the obligations of the parties under the purchase orders and this agreement shall be and are performable in Dallas County, Texas. Seller consents and agrees that venue of any suit or legal proceeding brought by Seller or those in privity with Seller shall be in Dallas County, Texas. Further, Seller agrees to hereby submit to the jurisdiction of the state or federal courts that are located in Dallas County, Texas, and designates the Secretary of State of Texas as its agent for service of process.
19. **THE AGREEMENT AND THE PURCHASE ORDERS SHALL BE CONSTRUED AND INTERPRETED BY AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, AND WHETHER OR NOT ANY CONFLICTS OF LAW PRINCIPLE WOULD REFER THEIR INTERPRETATION TO THE LAW OF ANOTHER JURISDICTION.**
20. **ACKNOWLEDGEMENT.** This order shall not be effective for any purpose nor shall Buyer be obligated to pay any moneys called for hereunder unless and until Seller

) shall have signed and returned written acknowledgment and acceptance.

acknowledges receipt of Superior Air Parts, Inc. Purchase Order Standard Terms and Conditions and agrees to comply with the same on all purchase Orders received from Superior.

By (Signature): _____

Name (Printed): _____

Title: _____

Company: _____

Date: _____

Amendment

of SUPPLIER AGREEMENT (signed on 2001 December 15th)
between
Thielert Aircraft Engines GmbH ("TAE")
and
Superior Air Parts, Inc. ("SUPERIOR")

The parties hereby agree modifications of the SUPPLIER AGREEMENT as follows:

Section I, 1.05 Termination and Modification shall be replaced by:

Forecast, Changes, Rescheduling

(1) SUPERIOR shall declare within the context of any production purchase Order, as well as subsequent follow-on Orders, a "base schedule" of delivery requirements. The "base schedule" shall be for a period of thirty-six months and shall identify the rate of delivery for each month. The initial six months of deliveries in the "base schedule" represents SUPERIOR's obligation/liability, whereas the last thirty months of deliveries in the "base schedule" are anticipated quantities, which can be changed by SUPERIOR as follows:

- For crankshafts
 - any monthly quantity scheduled for delivery up to nine full calendar months from date of delivery scheduled can be changed up to plus/minus 75 percent,
 - any monthly quantity scheduled for delivery up to six full calendar months from date of delivery scheduled can be changed up to plus/minus 30 percent,
 - any monthly quantity scheduled for delivery up to three full calendar months from date of delivery scheduled can be changed up to plus/minus 15 percent.

The quantity by which each month is reduced must be rescheduled for delivery.

Any quantities scheduled for delivery within the last three full calendar months from date of delivery scheduled shall not be changed.

- For any other article
 - any monthly quantity scheduled for delivery up to six full calendar months from date of delivery scheduled can be changed up to plus/minus 75 percent,
 - any monthly quantity scheduled for delivery up to four full calendar months from date of delivery scheduled can be changed up to plus/minus 30 percent,
 - any monthly quantity scheduled for delivery up to two full calendar months from date of delivery scheduled can be changed up to plus/minus 15 percent.

The quantity by which each month is reduced must be rescheduled for delivery.

Any quantities scheduled for delivery within the last two full calendar months from date of delivery scheduled shall not be changed.

(2) SUPERIOR is obligated to update the base schedule monthly for a minimum period of thirty-six months quarterly.

Section I, 1.07 Delivery shall be replaced by:

Delivery

(1) If Orders are accepted by TAE, delivery shall be in compliance with the schedule contained in an order and shall be made by TAE at such times and places and of such items and quantities as agreed. Delivery deadlines and delivery periods are only binding upon TAE if TAE has specifically confirmed them in writing as firm delivery dates, subject to the proviso that TAE itself obtain proper and timely delivery from the suppliers. Delivery periods commence once the order is accepted.

(2) Delivery is made when the Product arrives at Dresden Airport, Germany, or port of departure for ocean shipments.

(3) In the event of delayed, defective, insufficient volume of or unsuccessful delivery on the part of the suppliers of TAE and in the event of force majeure, industrial disputes, breakdowns and stoppages without fault, public disorder, official measures and other unforeseeable, extraordinary and blameless events affecting TAE or their suppliers, TAE is entitled to extend the delivery deadlines and delivery periods to a fair and reasonable extent. If TAE encounters or anticipates difficulty in meeting the delivery schedule, TAE shall notify SUPERIOR in writing, if possible.

Section II, 2.01 Effective Date shall be replaced by:

Term

Unless otherwise terminated in accordance with the provisions of this Supplier Agreement, this Agreement shall remain in force and effect up to and including December 31, 2007.

Unless notified with 12-month notice this agreement will renew automatically for 2 years.

Lichtenstein, 10-14-05
(Location, Date)

Thielert Aircraft Engines GmbH

Frank Thielert
President

Dallas, Texas, 10-21-05
(Location, Date)

Superior Air Parts, Inc

Tim Archer
President

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE BARBARA J. HOUSER,
UNITED STATES CHIEF BANKRUPTCY JUDGE.

APPEARANCES:

12 For the Debtor: Christopher Alan Robison
13 Jerry C. Alexander
14 PASSMAN & JONES, P.C.
15 1201 Elm Street, Suite 2500
16 Dallas, TX 75270
17 (214) 742-7949
18
19 For Dr. Bruno Kübler, Daniel P. Winikka
20 Insolvency Administrator, Craig F. Simon
21 Thielert Aircraft Engines, SIMON, RAY & WINIKKA LLP
22 GmbH: 2525 McKinnon Street, Suite 540
23
24 Court Recorder: Dallas, TX 75201
25 Nicole D. Whittington
UNITED STATES BANKRUPTCY COURT
1100 Commerce Street, 12th Floor
Dallas, TX 75242
(214) 753-2064
Transcription Service: Kathy Rehling
311 Paradise Cove
Shady Shores, TX 76208
(940) 498-2402
Proceedings recorded by digital sound recording;
transcript produced by transcription service.

1 we're trying, we're trying, but we just never got across the
2 goal line.

3 And so my experience is, when we reach that place, it's
4 time for me to say, if you all can't get it across the goal
5 line, I can, which is what I said to you the last time you
6 asked to push it yet again. Because it may be thousands and
7 thousands of documents, but we could have at least tendered
8 those documents some time ago, it feels like. Now, maybe
9 you're going to tell me that we didn't have the USB or we
10 didn't know what to look at or what, but that doesn't seem to
11 be rocket science.

12 And I'm told the motion was originally filed November 15,
13 2013. So we've had months and months and months and months to
14 find documents. And you know, again, by documents, we're
15 talking about drawings that have Superior's name on them. That
16 can't have been that difficult to figure out those belong to
17 Superior and under the plan had to come back.

18 So, what seems to be in dispute are drawings that TAE
19 generated that, at least in Mr. Marwell's view and Mr.
20 Chatten's, are identical to the Superior drawings that Superior
21 tendered under the supplier agreement so that TAE could
22 manufacture -- or, TAE could make the parts and send them back.
23 And then the 3D CAD models. So, my question is really simple.
24 Who owns the TAE-generated drawings that translated Superior's
25 drawings from English to German and inches to millimeters, and

1 who owns the 3D CAD models? And apparently, there is going to
2 be quibbling with respect to at least some small percentage of
3 the documents where there may have been some changes to the
4 drawings that TAE generated.

5 I don't know if that's basic contract law. I don't know if
6 that's intellectual property law. I don't know what law
7 governs it, but I know y'all haven't briefed it. And that at
8 least strikes me as the dispute as it has evolved. Does
9 everybody agree that's the fuss?

10 MR. ALEXANDER: I would say, rather, you know, we
11 can't get too attached to a physical piece of paper, because
12 the order, the Court's order also said return the information
13 and data.

14 THE COURT: Uh-huh.

15 MR. ALEXANDER: The information -- it's the ownership
16 of the information and data. Anyone could make a depiction of
17 it.

18 THE COURT: Understood.

19 MR. ALEXANDER: And another point that's -- that I
20 don't know if --

21 THE COURT: Well, that's what the plan said.

22 MR. ALEXANDER: Yes, ma'am.

23 THE COURT: I mean, the order doesn't say anything any
24 different than the plan, I hope.

25 MR. ALEXANDER: Yes, ma'am. The plan. No, it

1 So, I've nagged enough. We'll try and make the 11th work
2 if we can. Ms. Salcido will call those parties, she already is
3 in process, seeing if they can -- if we can solve their need
4 for a trial some other way. And she'll be back in touch with
5 you to confirm that as soon as we know. But we'll make every
6 effort to make that by noon tomorrow so that you know where you
7 stand and what the expectation is.

8 So, with that, thank you all very much. Interesting
9 dispute, and we'll see where we end up.

10 MR. SIMON: Understood. Thank you, Your Honor.

11 MR. ALEXANDER: Thank you, Your Honor.

12 (Proceedings concluded at 11:15 a.m.)

13 --oOo--

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CERTIFICATE

21 I certify that the foregoing is a correct transcript from
22 the digital sound recording of the proceedings in the above-
23 entitled matter.

24 /s/ Kathy Rehling

07/23/2014

25 Kathy Rehling, CET**D-444
Certified Electronic Court Transcriber

Date

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

In Re:) Case No. 08-36705-bjh-11
) Chapter 11
SUPERIOR AIR PARTS, INC.,)
) Dallas, Texas
Debtor.) July 22, 2014
) 2:15 p.m.
)
) MOTION TO ENFORCE [684]
)
)

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE BARBARA J. HOUSER,
UNITED STATES CHIEF BANKRUPTCY JUDGE.

APPEARANCES:

For the Debtor:

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Jerry C. Alexander
James F. Adams
Kyle B. Mandeville
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For Dr. Bruno Kübler,
Insolvency Administrator,
Thielert Aircraft Engines,
GmbH:

Daniel P. Winikka
Craig F. Simon
Paula E. Rechenstein
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(214) 871-2292

Court Recorder:

Nicole D. Whittington
UNITED STATES BANKRUPTCY COURT
1100 Commerce Street, 12th Floor
Dallas, TX 75242
(214) 753-2064

1 It's an order confirming TAE's acceptance of Superior's plan.

2 THE COURT: Any objection?

3 MR. WINIKKA: No, Your Honor.

4 THE COURT: The Court will take such notice.

5 BY MR. ROBISON:

6 Q Mr. Abercrombie, could you describe Superior's business
7 relationship with TAE?

8 A Yes. TAE was a supplier for Superior Air Parts of certain
9 components, such as cylinders, crank shafts, conrods, those
10 materials.

11 Q Is Superior currently doing business with TAE?

12 A We are not currently doing business, no.

13 Q When did Superior stop doing business with TAE?

14 A Approximately April of 2013.

15 Q Did TAE and Superior operate under a written supplier
16 agreement?

17 A We did.

18 Q Are you familiar with Superior's use of supplier agreements
19 through your experience as CFO, former president, and former
20 director of accounting at Superior?

21 A Yes.

22 MR. ROBISON: Your Honor, may I approach?

23 THE COURT: You may.

24 BY MR. ROBISON:

25 Q Mr. Abercrombie, I've handed you what's been marked

1 Superior Exhibit 18. Can you identify this document for the
2 Court?

3 A It's the supplier agreement between Superior Air Parts and
4 Thielert Aircraft Engines.

5 Q And does it also include the amendments to that supplier
6 agreement?

7 A It does.

8 Q Does Exhibit 18 appear to be a true and correct copy of the
9 supplier agreement and the amendments thereto?

10 A It does.

11 MR. ROBISON: Your Honor, I'd move that Exhibit 18 be
12 admitted.

13 THE COURT: Any objection?

14 MR. WINIKKA: No, Your Honor.

15 THE COURT: It's admitted.

16 (Debtor's Exhibit 18 is received into evidence.)

17 BY MR. ROBISON:

18 Q Mr. Abercrombie, could you turn to Page 2 of the supplier
19 agreement for me, please?

20 A Yes.

21 Q You see Section 3.01 of the supplier agreement entitled,
22 Technical Data?

23 A I do.

24 Q Could you read that provision into the record, please?

25 A Yes. It says, "Superior shall deliver to TAE all drawings

1 and the related data and information that TAE may request and
2 which is reasonably required for the intended use of the
3 drawings."

4 Q Does Superior typically agree to send its drawings to
5 suppliers making parts on its behalf?

6 A We do.

7 Q Did Superior provide drawings to TAE pursuant to Section
8 3.01 of the supplier agreement?

9 A Yes.

10 Q And did that occur prior to Superior's bankruptcy?

11 A Yes.

12 Q Did those drawings include proprietary right stamps?

13 A They did.

14 Q Do you see Section 3.02 of the supplier agreement entitled,
15 Title?

16 A Yes.

17 Q Could you read that provision into the record, please?

18 A "Superior shall retain title to all Superior-furnished
19 drawings, related data, whether or not maintained or stored on
20 computer, and information supplied to TAE under this agreement.
21 TAE will maintain the confidentiality of all drawings, data and
22 information supplied by Superior and will return such drawings,
23 data and information to Superior upon the termination of this
24 agreement."

25 Q Does Superior typically include provisions in its supplier

1 agreements confirming that Superior does not lose its ownership
2 interests in its drawings by providing them to suppliers?

3 A Yes.

4 Q And does Superior also require its suppliers to maintain
5 confidentiality of Superior's data?

6 A We do.

7 Q Do you see Section 3.03 of the supplier agreement entitled,
8 Proprietary Rights Data?

9 A Yes.

10 Q Could you read that provision into the record, please?

11 A "Superior's drawings, related data and information shall be
12 used by TAE only for the performance of its obligations under
13 this agreement, unless otherwise provided in this agreement or
14 expressly approved by Superior in writing."

15 Q Does Superior typically require its suppliers to only use
16 Superior's drawings in connection with the work that they're
17 doing for Superior?

18 A Yes.

19 Q Why is that?

20 A The proprietary data that Superior maintains is the primary
21 asset of the company, it's the barrier to entry for our
22 competitors, and it's taken years and years of research,
23 development and testing to create.

24 Q Did TAE and Superior, when they were doing business
25 together, always operate under the supplier agreement?

1 A Yes.

2 Q Other than including proprietary right stamps and requiring
3 its suppliers to keep its drawings confidential, did Superior
4 do anything else to protect the confidentiality of its drawings
5 and data?

6 A We do. We have confidentiality clauses in our quality
7 manual, on the drawing, as you had mentioned, purchase order.
8 Terms and conditions also include that. Internally, we monitor
9 access to the drawings through our engineering department and
10 limit the access.

11 Q And why does Superior go to such great lengths to protect
12 the confidentiality of its drawings?

13 A Again, it's the primary asset of the company and creates
14 the barrier to entry of competitors.

15 Q Turning back to the confirmation of Superior's plan for a
16 second, was there language included in the plan whereby certain
17 creditors and parties that bid on Superior during the
18 bankruptcy were required to turn over any of Superior's
19 property that they might have in their possession?

20 A There was.

21 Q And is that provision found at Section 6.12 of the plan?

22 THE COURT: And just so the record is clear, the plan
23 is Exhibit 11? No, that's the disclosure statement.

24 MR. ROBISON: It's Exhibit 12.

25 THE COURT: 12.

1 THE COURT: Redirect?

2 MR. ROBISON: Very brief, Your Honor.

3 REDIRECT EXAMINATION

4 BY MR. ROBISON:

5 Q Mr. Abercrombie, could you turn to the document that was
6 previously marked IA 10? It was the non-disclosure agreement
7 between Superior Air Parts and Boeing.

8 A Yes.

9 Q Do you see Paragraph 9 of the agreement?

10 A Yes.

11 Q Paragraph 9 provides that proprietary information shall be
12 the -- shall remain the property of the disclosing party,
13 doesn't it?

14 A Yes.

15 Q And is Paragraph 9 limited to a five-year term?

16 A No.

17 Q Do you see Paragraph 12?

18 A Yes.

19 Q Does it provide that at the expiration of the agreement,
20 the receiving party shall return, at the request of the
21 disclosing party, all documents and copies of proprietary
22 information made available hereunder through the disclosing
23 party?

24 A Yes.

25 Q Does that Paragraph 12 have a five-year term?

1 A No.

2 MR. ROBISON: No further questions, Your Honor.

3 THE COURT: Anything further?

4 MR. SIMON: No, Your Honor.

5 THE COURT: Thank you, Mr. Abercrombie. You may step
6 down. Just leave the exhibits there.

7 (The witness steps down.)

8 MR. ROBISON: Your Honor, Superior calls Keith Chatten
9 to the stand.

10 THE COURT: I'm sorry, say the name again?

11 MR. ROBISON: Keith Chatten, C-H-A-T-T-E-N.

12 THE COURT: Thank you. Mr. Chatten, if you'd come
13 forward, please. Raise your right hand.

14 (The witness is sworn.)

15 THE COURT: Please be seated.

16 THE WITNESS: Thank you.

17 DIRECT EXAMINATION

18 BY MR. ROBISON:

19 Q Mr. Chatten, can you state your name for the record?

20 A Keith Chatten.

21 Q What's your educational background?

22 A I have a bachelor of science degree in mechanical
23 engineering from Louisiana Tech University as well as a
24 master's degree in business administration from the University
25 of South Alabama.

1 A Yes.

2 Q Were they one of the potential purchasers of Superior out
3 of bankruptcy?

4 A Yes, they were.

5 Q And were they successful in acquiring Superior out of
6 bankruptcy?

7 A No, they were not.

8 Q To your knowledge, does TAE hold any PMAs or the European
9 equivalent of PMAs?

10 A Not to my knowledge.

11 Q To your knowledge, does TAE manufacture or sell parts that
12 compete with Superior's parts?

13 A No, they do not.

14 Q And in your experience at Continental and Superior, did you
15 have occasion to become familiar with TAE's business?

16 A Yes. I was familiar. There's a -- they were common
17 knowledge in the business.

18 Q Are you aware of any reason why TAE would have CAD models
19 and TAE two-dimensional drawings of Superior's parts?

20 A Yes, I am.

21 Q And what would that reason be?

22 A That they were part of the business relationship of TAE as
23 a supplier to Superior Air Parts.

24 Q Were you present at the deposition of Dr. Kübler's
25 testifying expert, Professor Rienäcker?

1 A Yes.

2 Q Did TAE make diesel aircraft engines?

3 A Yes.

4 Q Did TAE make aviation gasoline or avgas aircraft engines?

5 A No.

6 Q Does Superior make avgas engines?

7 A Yes.

8 Q Are you aware that TAE manufactured parts for Superior's
9 avgas engines as a supplier?

10 A Yes, I am.

11 Q And are you aware of a supplier agreement between Superior
12 and TAE?

13 A Yes.

14 Q And did you become aware of that agreement in your role as
15 head of sales and service --

16 A Yes.

17 Q -- for TAE?

18 A Yes.

19 Q Did Superior supply drawings to TAE pursuant to the
20 supplier agreement?

21 A Yes.

22 Q Was it your understanding that TAE could use Superior's
23 drawings only for the benefit of Superior?

24 A Yes.

25 Q Could TAE make copies of Superior's drawings and sell them

1 BY MR. ROBISON:

2 Q And when you say take care about the drawings and
3 information given by Superior, what do you mean?

4 A That we couldn't sell them.

5 Q What was Ms. Botica's reaction?

6 A Well, she heard it, and that's it.

7 Q Is it typical in the PMA industry for the PMA holder to
8 provide its drawings to a supplier?

9 MR. SIMON: Objection, Your Honor. Lacks foundation.
10 This gentleman was in sales and service.

11 THE COURT: Sustained.

12 BY MR. ROBISON:

13 Q Did you have occasion to deal with TAE's suppliers,
14 including Superior, in your capacity as head of sales and
15 service?

16 A Well, the only customer we had for PMA parts was
17 Superior, and of course I was engaged in this business.

18 Q Did Superior -- well, let me ask it this way. Did Superior
19 provide drawings to TAE pursuant to the supplier agreement?

20 A Yes, they did.

21 Q And were those drawings provided with the expectation of
22 confidentiality?

23 MR. SIMON: Objection, Your Honor. Again, there's no
24 foundation laid that this gentleman knows anything about
25 Superior's expectations.

1 correct?

2 A No, that's not exactly what I said.

3 Q What do you recall saying?

4 A I said that information -- at that time, you were asking me
5 about information that was available in the public domain, and
6 I said that information is shown in overhaul manuals but
7 there's not enough information in an overhaul manual to
8 actually make this part. That's what our discussion was about
9 at that time.

10 Q That's not my recollection, sir, but we can go back and
11 look. Okay. The exhibit that you're looking at, Exhibit 38,
12 does it also have a deposition exhibit sticker on it?

13 A It says Exhibit SAP 38.

14 Q Okay. And I'll represent to you, sir, that Deposition
15 Exhibit SAP 38 is the same exhibit that we've marked as Exhibit
16 22 to your deposition, except that Exhibit 22 to your
17 deposition had your marking on it. Okay?

18 A Okay. The reason I wasn't sure is because there are quite
19 a few cylinder drawings and they all look alike and I can't
20 verify that the drawing number was the same. But they all have
21 very similar pictures on them.

22 Q Okay. But you remember looking at this one during your
23 deposition, right?

24 A Yes.

25 Q And circling that information we talked about a moment ago?

1 that they could have easily done it by calculations, the way it
2 has been done for a lot time.

3 Q I understand, sir.

4 A They just chose to use the 3D CAD model.

5 Q Your --

6 A They did not add any value to the part.

7 Q Your belief is that TAE did not need to do any engineering
8 work at all for the Superior business, right?

9 A Absolutely not. They did not need -- you're not hiring
10 their engineering department. You're hiring their
11 manufacturing department to make the part for you. They did
12 not design anything and they did not need the 3D CAD model to
13 do it.

14 Q All right. So, again, Mr. Wolffson's testimony that they
15 had to create the 3D models, you just disagree with that? They
16 could have bought new machines and made the parts another way.
17 Is that what you're saying?

18 A No, no. I said we could have used the system that I'm used
19 to. You could actually calculate the different dimensions that
20 you needed. You didn't need a 3D model. That's one way of
21 doing it.

22 Q Okay. So, you disagree --

23 A It wasn't better. It was just different.

24 Q You disagree with Mr. Wolffson?

25 A That's not what I said.

1 now that I've done that, we'll be recessed for the evening.

2 So, you're excused.

3 MR. SIMON: Thank you, Your Honor.

4 MR. ROBISON: Thank you, Your Honor.

5 MR. ALEXANDER: Thank you, Your Honor.

6 THE COURT: I'll see you in the morning.

7 THE CLERK: All rise.

8 (Proceedings concluded at 6:08 p.m.)

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CERTIFICATE

21 I certify that the foregoing is a correct transcript from
the digital sound recording of the proceedings in the above-
22 entitled matter.

23 /s/ Kathy Rehling

07/26/2014

24 _____
25 Kathy Rehling, CET**D-444
Certified Electronic Court Transcriber

Date

Adrian Rienacker, Ph.D. - July 20, 2014

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

ORAL DEPOSITION OF
ADRIAN RIENÄCKER, Ph.D.
JULY 20, 2014

15 ORAL DEPOSITION of ADRIAN RIENÄCKER,
16 Ph.D., produced as a witness at the instance of the
17 Debtor, Superior Air Parts, Inc., and duly sworn, was
18 taken in the above-styled and numbered cause on the
19 20th of July, 2014, from 2:26 p.m. to 5:14 p.m.,
20 before Kim M. Dickman, CSR in and for the State of
21 Texas, reported by machine shorthand, at the offices
22 of Passman & Jones, 1201 Elm Street, Suite 2500, in
23 the City of Dallas, County of Dallas, State of Texas,
24 pursuant to Notice and the Federal Rules of Civil
25 Procedure.

Adrian Rienacker, Ph.D. - July 20, 2014

1 A P P E A R A N C E S
2

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10 FOR THE INSOLVENCY ADMINISTRATOR
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13 Mr. Daniel P. Winikka
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20 ALSO PRESENT:

21 Mr. Keith Chatten
22 Mr. Douglas Marwill
23
24
25

Adrian Rienacker, Ph.D. - July 20, 2014

14:58:00 1 spreadsheet was correct by walking through
2 subdirectories and finding drawings of that kind all
3 over the place, with sort of matching statement in the
4 spreadsheet saying we wanted this change to be
5 performed on both the TAE drawing and the SAP drawing.

6 Now, the next thing that we did was we

14:58:30 7 verified, apart from that the spreadsheet was correct,
8 we found another 14 changes that were not documented
9 in the spreadsheet. So what we currently think is we
10 have 59 changes requested to the parts, and all of
11 them are minor changes.

12 Q. All right. You think there are 59 changes?

13 A. Uh-huh.

14:58:58 14 Q. To how many different parts?

15 A. We didn't figure that out. We just have 59,
16 if you want to say so, up revision two parts.
17 Sometimes you would probably find two up revisions to
18 a single part, making it from D to E, from E to F, or
19 something like that.

20 Q. All right. 59 up revisions, and you said
21 that these were minor changes?

14:59:30 22 A. That's -- that's likely, likely the case. We
23 didn't see, to my knowledge, any part number change.

24 Q. Because if it was a major change it would
25 have to have a part number change?

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1 A. Yeah.

2 Q. Are the 59 minor changes that you think you
3 found, are they all in this exhibit -- in these
4 exhibits?

5 A. No.

6 Q. Okay. Where are they?

7 A. They're on the drive.

14:59:58 8 Q. They're on the -- which drive?

9 A. On the USB flash drive.

10 Q. On the USB flash drive?

11 A. Yeah.

12 Q. The same one that we have?

13 MR. SIMON: Yes.

14 A. Yeah.

15 Q. (By Mr. Alexander) Okay. And you're saying
16 that on that there are 59 up revisions but you don't
17 have the part numbers?

18 A. We didn't collect the part numbers. 44 part
19 numbers are in a spreadsheet that is also contained on
20 that drive.

21 Q. Well, are the 59 -- 59 up changes just to
15:00:30 22 those 44 parts?

23 A. How --

24 Q. All right. Let's start over. You say that
25 there are 59 what you call up revisions that are minor

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1 A. No.

2 Q. We're just trying -- I'm just trying to look
3 at the exhibit.

4 A. Yeah, you want to look at that. That's quite
5 understandable.

15:05:59 6 Now, what I'm saying is that TAE, and
7 that's the process, is requesting a change to be made
8 on an SAP drawing. The change will then, by the
9 regulations, be moved forward by SAP.

10 Q. Okay.

11 A. So TAE cannot change an SAP drawing, okay,
12 that doesn't work.

13 Q. My question is, on the -- on the drawing that
14 is on the USB flash drive, is there a drawing on the
15 USB flash drive that has a TAE box on it that has a
16 change that TAE initiated on it?

17 A. What -- you probably have to rephrase the
18 question.

19 Q. All right. When you're -- when somebody's
20 going through the USB flash drive --

21 A. Yeah.

15:06:58 22 Q. -- to try to find these 59 changes that 44 of
23 the part numbers are in the spreadsheet?

24 A. Uh-huh.

25 Q. You're saying that there's a -- is there a

Adrian Rienacker, Ph.D. - July 20, 2014

1 TAE drawing that has the change on it or is there a
2 Superior drawing that has the change on it?

3 MR. SIMON: Object to the form.

4 A. To my knowledge, all the changes that TAE
5 wanted SAP to perform in their drawings were requested
6 on the basis of an SAP drawing. This is how they did
15:07:27 7 that.

8 Q. (By Mr. Alexander) All right. The finished
9 product of this -- of these changes you're talking
10 about, did that wind up on a Superior drawing?

11 A. The finished product?

12 Q. The change.

13 A. Yes. Obviously that must have taken place.

14 Q. All right. Now, let me ask you something
15 else. Let's go back to -- to this one with all the
16 colors on it.

17 A. Uh-huh.

18 Q. It says Approved For Production on it; you've
19 done the colors. Now, tell me a bit about these
20 colors. Those are the colors that you got out of the
21 overhaul manual?

22 A. As stated before, the yellow color indicates
23 all the dimensions and tolerances that we pulled out
24 of the overhaul manual; the green color was specified
25 in the overhaul manual but was chosen here to be of

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1 are, you would pinpoint those to those as where the
2 standard drawing tolerance applies. So by this
3 definition, the blue ones are probably the less
4 critical dimensions on this drawing.

15:10:29 5 Q. This is a part for what? What does that say?
6 It says, cylinder stud assembly long reach. Are your
7 eyes good enough to read that number?

8 A. Hopefully.

9 Q. It's SA?

10 A. SA 47006L-A1 and revision is F.

11 Q. Now, you're not saying, are you, that you
12 could take a Teledyne Continental overhaul manual and
13 reproduce that drawing good enough to get it approved
14 by the FAA, are you?

15:10:57 15 A. The overhaul manual is not the single source
16 of information to do that.

17 Q. Okay.

18 A. There is not enough information contained.

19 Q. There's not enough information in the
20 overhaul manual. All right. Is there enough
21 information from -- if another source or sources, if
22 you add it to the information in the overhaul manual
23 where you could do that drawing to get it approved by
24 the FAA?

25 A. Get it approved by the FAA? That's a

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1 difficult question because it involves the whole
15:11:26 2 process of a part to be approved by the FAA.

3 Q. Uh-huh.

4 A. To obtain FAA approval, you've got two ways:
5 by identically, as we've heard before, and by
6 computation and testing, and for that you would need a
7 lot more than the dimensions that you find in the
8 overhaul manual.

9 Q. So is the answer that from what you know is
15:11:58 10 available in the public domain, overhaul manuals,
11 whatever other sources, you cannot do a drawing like
12 this for this part and get FAA approval on it?

13 MR. SIMON: Object to the form.

14 A. But essentially what you say is correct,
15 yeah.

16 Q. (By Mr. Alexander) Okay.

17 A. It's not enough.

18 Q. Not enough. All right. What else is in
19 this? Do you have any other things that you want to
20 talk about about -- I want to talk, exhaust your
21 knowledge on these improvements that you say are --
15:12:29 22 what did you call them, changes that TAE made to
23 Superior drawings?

24 A. It's probably not so important at this point
25 in time to talk about that. We just found this along

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1 Q. Would it be possible to make the -- a
2 meaningful 3D volume model without the two-dimensional
3 drawing from Superior?

4 A. Likely not.

5 Q. So what -- what TAE did or someone at TAE did
15:24:27 6 was they got what I call a CAD machine and what you
7 would call a piece of CAD software, they got the
8 two-dimensional drawing and they manipulated the data
9 and it came out to be a 3D model; is that right?

10 A. Yeah.

11 Q. Okay. Does an engineer have to do this? Do
12 you have to be an engineer to do that?

13 A. Yes, I believe so. In Germany, you would
14 have to have a degree to do that.

15 Q. You would have to have a license --

16 A. License?

17 Q. -- wouldn't you?

18 A. Well, in Germany, we don't have license.

19 Q. You don't have licenses for engineers?

20 A. No.

21 Q. Okay.

22 A. We have degrees and companies would hire
23 people by degrees and assign them the tasks that they
24 would do.

25 Q. Once this 3D volume model is made and

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1 exists -- and it exists in the software, someone can
15:25:26 2 get all the dimensions for the part off of that 3D
3 model, correct?

4 A. Well, if you do it properly, then the
5 dimensions, yes, and the tolerances can be derived
6 from that.

7 Q. Because they would have been inputted from
8 the two-dimensional drawing?

9 A. From wherever the information comes from,
10 yeah.

11 Q. So once it goes in there, then they can take
12 it out, they can find out what it is?

13 A. Uh-huh.

14 Q. Can you say yes?

15:25:57 15 A. Yes, sorry.

16 Q. Now, you say in the last part of this, "by
17 industry practice -- proprietary to TAE and not shared
18 between a manufacturer/supplier and its customer"?

19 A. That's correct.

20 Q. When you say "not shared between a
21 manufacturer/supplier and its customer," what does
22 that mean?

23 A. I'm not exactly sure what you asked me.

24 Q. All right. Let me ask you this: Is it your
25 understanding by industry practice that once a 3D

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1 a surface finish or something like that, but still
2 would be able to be found from the overhaul manual;
16:22:28 3 the blue dimensions are the ones with the standard
4 tolerances and the red ones are those that have
5 deviating tolerances.

6 Q. What's that light blue color over there?

7 A. We always look for something that was
8 probably not so easy, just to be fair, probably not so
9 easy to assess with a very simple assessment, and that
10 is this barreling here of the cylinder liner near top
16:22:58 11 dead center, we found that would require some thought.

12 Q. That would be hard to do -- harder to do than
13 this other stuff?

14 A. Harder to do than the other stuff.

15 Q. How many dimensions for that part did you
16 find in the overhaul manual?

17 A. Well, one, two, three, four, five, six,
18 seven, eight; roughly eight.

19 Q. And how many dimensions are on the drawing?

20 A. Probably 60 or so.

21 Q. Could you make that drawing from what was in
16:23:28 22 the overhaul manual?

23 A. Not alone from that.

24 Q. Excuse me?

25 A. Not alone from that.

Adrian Rienacker, Ph.D. - July 20, 2014

1 STATE OF TEXAS)
2 COUNTY OF DALLAS)

3 I, Kim M. Dickman, Certified Shorthand
4 Reporter, in and for the State of Texas, certify that
5 the foregoing deposition of ADRIAN RIENÄCKER, Ph.D.,
6 was reported stenographically by me at the time and
7 place indicated, said witness having been placed under
8 oath by me; that review was requested pursuant to
9 Federal Rule of Civil Procedure 30(e)(1); and that the
10 deposition is a true record of the testimony given by
11 the witness.

12 I further certify that I am neither counsel
13 for nor related to any party in this cause and am not
14 financially interested in its outcome.

15 Given under my hand on this the 21st day of
16 July, 2014.

17
18 Kim M. Dickman, Certified
19 Shorthand Reporter No. 2181
20 Dickman Davenport, Inc.
21 Firm Registration #312
22 Suite 320
23 3131 Turtle Creek Boulevard
24 Dallas, Texas 75219
25 214.855.5100 800.445.9548
email: kd@dickmandavenport.com
My commission expires 12-31-14

Time used by each party:

Mr. Jerry C. Alexander - 2:06
Mr. Craig F. Simon - 0:02

Robert Douglas Marwill - July 20, 2014

1 IN THE UNITED STATES BANKRUPTCY COURT
2 FOR THE NORTHERN DISTRICT OF TEXAS
3 DALLAS DIVISION
4 In re: §
5 §
5 SUPERIOR AIR PARTS, INC., § NO. 08-36705-BJH-11
6 §
6 Debtor. §
7
8
9

10 ORAL DEPOSITION OF
11 ROBERT DOUGLAS MARWILL
12 JULY 20, 2014

13
14
15 ORAL DEPOSITION of ROBERT DOUGLAS
16 MARWILL, produced as a witness at the instance of the
17 Insolvency Administrator of Thielert Aircraft Engines
18 GmbH, and duly sworn, was taken in the above-styled
19 and numbered cause on the 20th of July, 2014, from
20 10:08 a.m. to 1:28 p.m., before Jennifer Quick
21 Davenport, CSR in and for the State of Texas, reported
22 by machine shorthand, at the offices of Passman &
23 Jones, 1201 Elm Street, Suite 2500, in the City of
24 Dallas, County of Dallas, State of Texas, pursuant to
25 Notice and the Federal Rules of Civil Procedure.

Robert Douglas Marwill - July 20, 2014

1 A P P E A R A N C E S

2 FOR THE DEBTOR:

3 Mr. Jerry C. Alexander
4 Mr. Christopher A. Robison
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6 1201 Elm Street, Suite 2500
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8 214.742.1212
9 alexanderj@passmanjones.com
10 robisonc@passmanjones.com

11 FOR THE INSOLVENCY ADMINISTRATOR
12 OF THIELERT AIRCRAFT ENGINES GMBH:

13 Mr. Craig F. Simon
14 Mr. Daniel P. Winikka
15 SIMON, RAY & WINIKKA LLP
16 2525 McKinnon Street, Suite 540
17 Dallas, Texas 75201
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19 csimon@srwlawfirm.com
20 dwinkka@srwlawfirm.com

21 ALSO PRESENT:

22 Mr. Keith Chatten
23 Mr. Adrian Rienaecker

Robert Douglas Marwill - July 20, 2014

1 that effect.

2 So I did look at those manuals to see if
3 information was available for making these parts, and
4 I did not find any evidence that says that you
5 could -- or shows that you could manufacture the parts
6 there. In other words, the information is retained
7 entirely upon the engineering drawings, which are held
8 confidential.

9 Q. So if I understand your testimony, sir, the
10:34:32 10 engine manuals which you've described as overhaul
11 manuals do contain at least some of the information
12 reflected on the Superior drawings, correct?

13 MR. ROBISON: Objection; form.

14 A. Not in the same context.

15 Q. (By Mr. Simon) Is the information available,
16 sir, on the drawings that are -- that are contained in
17 the engine manuals?

18 A. No, not for --

19 MR. ROBISON: Objection; form.

20 THE WITNESS: Excuse me.

21 A. No, not for design purposes. For example, in
22 the overhaul manuals, they give you information with
23 regards to the overhaul of the engine. In other
24 words, what are the maximum wear that may be allowed
25 on a part, but there's no information in there that

Robert Douglas Marwill - July 20, 2014

1 tells you how to design the part, what material to
2 make it out of, what heat-treat to apply, what finish
3 to apply. That information is all confidential and
4 held on the engineering drawings.

5 Q. (By Mr. Simon) Are the dimensions for a part
6 contained in the engine manual?

10:35:29 7 A. There are some dimensions in there only for
8 wear, having to do with the maximum amount of wear
9 that's allowed on the parts, but that in no way could
10 be construed as information that could be used to
11 actually design that part --

12 Q. Is that --

13 A. -- such as a piston or a valve.

14 Q. Is that because you think the information
15 would not be useful or because it would not be a
16 permitted use of the information?

17 MR. ROBISON: Objection; form.

18 A. Actually, both, because the parts can only be
19 manufactured by one company. They're only approved by
20 the FAA for that one company. Other companies are not
21 allowed to manufacture other people's parts without a
22 written agreement, or FAA approval.

23 In fact, when one company makes a part
24 for another company, the primary company owns all the
25 rights to it and the FAA assumes that they control it,

Robert Douglas Marwill - July 20, 2014

1 and they check them to make sure that they own it. So
2 it would not be possible to provide design data in an
10:36:29 3 open manual for the general public because they are
4 not allowed to make the part. Only the original
5 manufacturer has the right from the FAA to do that.

6 Q. (By Mr. Simon) Well, you would agree that a
7 manufacturer that has appropriate design data can
8 certainly apply to the FAA for its own PMA, correct?

9 A. Yes.

10 Q. So the question I'm trying to get at, sir, is
11 what design data is available in the public domain.
12 So that's where I want to focus our attention right
13 now.

14 Are you with me on that?

10:37:00 15 A. I am.

16 Q. Okay. So if I understand you, with respect
17 to this dispute, you took notice of the notion that
18 the information on the Superior parts was in the
19 public domain, and one of the things you did to assess
20 that was look at engine overhaul manuals, correct?

21 MR. ROBISON: Objection; form.

22 A. Your question was incorrect. I did not say
10:37:27 23 that the overhaul manuals provided design information
24 for the parts.

25 Q. (By Mr. Simon) Okay.

Robert Douglas Marwill - July 20, 2014

1 A. It has wear information, maximum wear
2 information, but that is not the same as what the part
3 was originally designed to.

4 Q. Okay. Do you agree or disagree, sir, that
5 the information in the engine manuals that are
6 published by the manufacturers can be used as a
7 starting point to design aircraft engine parts?

8 MR. ROBISON: Objection; form.

10:37:58 9 A. I'm sorry, no, in no way.

10 Q. (By Mr. Simon) Okay. What else, if
11 anything, sir, did you do to assess whether or not the
12 information on the Superior drawings is available in
13 the public domain?

14 A. I attempted to do an Internet search.
15 Mainly, I was looking for Lycoming information or for
16 Teledyne Continental Motors, just to see if it was
17 available, and there's no information that I could
18 find that would be like that.

19 My experience has been with Pratt &
20 Whitney, Garrett and other companies as well as
21 Teledyne Continental Motors and Lycoming, that if you
22 ask for this information, you can't get it. Not that
23 it would be acceptable to do that, actually do
24 anything with the information, but they don't release
25 that information to the public.

Robert Douglas Marwill - July 20, 2014

1 STATE OF TEXAS)
2 COUNTY OF DALLAS)

3 I, Jennifer Quick Davenport, Certified
4 Shorthand Reporter, in and for the State of Texas,
5 certify that the foregoing deposition of
6 ROBERT DOUGLAS MARWILL was reported stenographically
7 by me at the time and place indicated, said witness
8 having been placed under oath by me; that review was
9 requested pursuant to Federal Rule of Civil Procedure
10 30(e)(1); and that the deposition is a true record of
11 the testimony given by the witness.

12 I further certify that I am neither counsel
13 for nor related to any party in this cause and am not
14 financially interested in its outcome.

15 Given under my hand on this the 21st day of
16 July, 2014.

17 Jennifer Quick Davenport, Certified

18 Shorthand Reporter No. 1683

19 Dickman Davenport, Inc.

20 Firm Registration #312

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23 Dallas, Texas 75219

24 214.855.5100 800.445.9548

25 email: jqd@ dickmandavenport.com

My commission expires 12-31-14

26 Time used by each party:

27 Mr. Christopher A. Robison - 0:03

28 Mr. Craig F. Simon - 2:33

29



Charles Dedmon - July 15, 2014

1 IN THE UNITED STATES BANKRUPTCY COURT
2 FOR THE NORTHERN DISTRICT OF TEXAS
3 DALLAS DIVISION
4 In re: §
5 §
5 SUPERIOR AIR PARTS, INC., § NO. 08-36705-BJH-11
6 §
6 Debtor. §
7
8

9 ORAL DEPOSITION OF
10 CHARLES DEDMON
11 INDIVIDUALLY AND AS CORPORATE REPRESENTATIVE OF
12 SUPERIOR AIR PARTS, INC.

13 JULY 15, 2014
14
15 ORAL DEPOSITION of CHARLES DEDMON,
16 produced as a witness at the instance of the
17 Insolvency Administrator of Thielert Aircraft Engines
18 GmbH, and duly sworn, was taken in the above-styled
19 and numbered cause on the 15th of July, 2014, from
20 10:13 a.m. to 4:26 p.m., before Jennifer Quick
21 Davenport, CSR in and for the State of Texas, reported
22 by machine shorthand, at the offices of Passman &
23 Jones, 1201 Elm Street, Suite 2500, in the City of
24 Dallas, County of Dallas, State of Texas, pursuant to
25 Notice and the Federal Rules of Civil Procedure.

Charles Dedmon - July 15, 2014

1 A P P E A R A N C E S

2 FOR THE DEBTOR:

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9 FOR THE INSOLVENCY ADMINISTRATOR

10 OF THIELERT AIRCRAFT ENGINES GMBH:

11 Mr. Craig F. Simon

12 Mr. Daniel P. Winikka

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20

21

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23

24

25

Charles Dedmon - July 15, 2014

1 A. The data that was on the drawings that were
11:01:29 2 submitted by -- for PMA and submitted to Thielert for
3 manufacture, some of which may -- some of it may have
4 been in the public domain, but not all of it, and
5 certainly not in the sequence or the way that it was
6 arranged to make a specific part.

7 Q. Okay. I want to make sure we're focusing on
8 the same information, and I want to focus not on all
11:01:58 9 of the information that was submitted to the FAA, but
10 only on the information on the two-dimensional
11 drawings that are supplied by Superior to TAE, okay?
12 So that's the universe of information we're talking
13 about, fair enough?

14 A. Okay.

15 Q. Are we on the same page?

16 A. Yes.

17 Q. Is there any information on those
18 two-dimensional drawings that is not available in the
19 public domain?

20 A. Considerable amount of information. All of
21 it, and particularly in the way the individual
11:02:28 22 information is arranged on the drawing and put
23 together in combination.

11:03:59 24 Q. When you say that the way the information is
25 arranged, what do you mean by that?

Charles Dedmon - July 15, 2014

1 Q. Which is?

2 A. Millions of dollars and thousands of
3 man-hours.

4 Q. Can you -- millions is -- it's a pretty broad
5 range, sir. Can you narrow it for me at all?

6 A. No.

11:18:59 7 Q. Would it be 1 million, 2 million?

8 A. No.

9 Q. You don't know?

10 A. I can't and won't be able to narrow it.

11 Q. Can you tell me any range of man-hours other
12 than thousands?

13 A. No.

14 Q. It could be 1,000, it could be 2,000?

15 A. Thousands.

16 Q. You can't get any more specific than that?

17 A. No.

18 Q. Correct?

19 A. Correct.

11:19:30 20 Q. Thanks. Are maintenance manuals available
21 publicly for the OEM equivalence of the Superior PMA
11:19:59 22 part?

23 A. Yes, they are.

24 Q. And is that information -- is that
25 information useful and necessary to develop the PMA

Charles Dedmon - July 15, 2014

1 parts?

2 A. Yes.

3 Q. In what respect?

4 A. In maintenance manuals -- and I do stand
5 somewhat corrected. In the maintenance manuals there
6 is information regarding specific dimensions and
11:20:26 7 tolerances that may well be incorporated into a
8 blueprint.

9 Q. Into a blueprint for a PMA part?

10 A. Yes.

11 Q. In fact, that's fairly common, isn't it, sir,
12 to utilize the dimensions and tolerances contained in
13 the maintenance manual as the starting point for the
14 development of a PMA part?

15 A. No.

16 Q. It's not?

11:20:58 17 A. You will be able to look at that part and you
18 will be able to get certain of the dimensions, but if
19 you're counting on a maintenance manual to help you
20 reverse engineer or develop a part, you're going to be
21 way off because there's only a few dimensions per part
22 that are used in servicing the part as opposed to the
23 actual manufacture of the part.

11:21:31 24 Q. So the maintenance manual would only provide
25 dimensions related to servicing and not related to the

Charles Dedmon - July 15, 2014

1 manufacturing?

2 A. Well, it would -- they may be both.

3 Q. Okay. It depends or you're not sure?

4 A. Let me give a specific example.

5 Q. Okay.

11:21:54 6 A. The stem of a valve, a stem of a valve will
7 probably have in the maintenance manual a dimension
8 and tolerance for that stem -- valve stem, and when
9 one then goes to that, they can use that as a
10 dimension and tolerance on the valve, but knowing the
11 valve stem tolerance -- dimension and tolerance is not
12 going to design a valve for you.

11:22:41 13 Q. Are there -- so if I understand you
14 correctly, and I may not, the maintenance manuals will
15 at least provide in some instances dimensions and
11:22:57 16 tolerances of an OEM part that could be utilized by a
17 PMA manufacturer for its own part, true?

18 A. For some dimensions, yes.

19 Q. Are there other -- strike that.

20 Those maintenance manuals are publicly
21 available, correct?

22 A. Correct.

23 Q. Are there any other places -- are there any
24 other publicly available sources of any of the data
11:23:27 25 that would be found on a two-dimensional drawing for a

Charles Dedmon - July 15, 2014

1 STATE OF TEXAS)
2 COUNTY OF DALLAS)

3 I, Jennifer Quick Davenport, Certified
4 Shorthand Reporter, in and for the State of Texas,
5 certify that the foregoing deposition of
6 CHARLES DEDMON was reported stenographically by me at
7 the time and place indicated, said witness having been
8 placed under oath by me; that review was requested
9 pursuant to Federal Rule of Civil Procedure 30(e)(1);
10 and that the deposition is a true record of the
11 testimony given by the witness.

12 I further certify that I am neither counsel
13 for nor related to any party in this cause and am not
14 financially interested in its outcome.

15 Given under my hand on this the 17th day of
16 July, 2014.



17 Jennifer Quick Davenport, Certified
18 Shorthand Reporter No. 1683
19 Dickman Davenport, Inc.
20 Firm Registration #312
21 Suite 320
22 3131 Turtle Creek Boulevard
23 Dallas, Texas 75219
24 214.855.5100 800.445.9548
25 email: jqd@ dickmandavenport.com
My commission expires 12-31-14

23 Time used by each party:
Mr. Jim F. Adams - 0:11
24 Mr. Craig F. Simon - 3:10
25

<p style="text-align: right;">Page 114</p> <p>1 Q. Do you know -- and I may have asked 2 you this earlier -- how many parts Hye-Tech 3 has PMA approval for? 4 A. I don't remember. 5 Q. Is there a single PMA supplier who 6 has approval for every single part on the 7 Model 250 engine? 8 A. I don't know. 9 Q. With respect to any of the price and 10 bundling techniques identified in Items 3-A, 11 -B and -C, do you have any empirical 12 evidence or data that Rolls-Royce is engaging 13 in those techniques with respect to the Model 14 250 engine? 15 A. No, I don't. 16 Q. Moving on to No. 4 of your 17 techniques, the change, the part number 18 technique, is what you call it. 19 A. Uh-huh. 20 Q. You indicate that part numbers are 21 changed even when there's no significant 22 difference in the part. 23 Are you qualified to opine on the 24 technical differences between part drawings? 25 A. Yes.</p>	<p style="text-align: right;">Page 116</p> <p>1 change a part number? 2 A. It can be. 3 Q. How can it be expensive? 4 A. Well, if they -- if they change 5 manuals to reflect the new part numbers, such 6 as illustrative parts catalogs and service 7 bulletins, and that type of thing, that -- 8 there can be an expense related to that. 9 Q. Would that counter against using -- 10 change the part number technique that you 11 described? 12 A. Well, it would run counter to it, and 13 it would only be offset if they could get 14 some sort of competitive advantage over a PMA 15 holder who would no longer be able to offer 16 a part of that same part number. 17 Q. Can you identify an OEM that has 18 engaged in this technique? 19 A. Yes. 20 Q. Who has engaged in this technique? 21 A. Teledyne Continental Motors, AVCO 22 Lycoming, Textron Lycoming. 23 Q. Can you identify a Rolls-Royce part 24 where the number was changed but there was 25 no significant difference in the part?</p>
<p style="text-align: right;">Page 115</p> <p>1 Q. How are you qualified? 2 A. I have been involved in part design, 3 part analysis for 40 years. 4 Q. Do you personally engage in the 5 design of parts? 6 A. I have, yes. 7 Q. Do you have any engineering 8 expertise? 9 A. Only developed as a -- as a practical 10 matter in the industry. I am not a degreed 11 engineer. 12 Q. Did any of the companies you worked 13 for not have any engineers? 14 A. No, we've always had engineers. 15 Q. So, what did engineers do if you're 16 designing parts? 17 A. What do engineers do? 18 Q. What did those engineers do if you 19 were designing parts? 20 A. They would check and they would work 21 and they would assist in the design process. 22 Q. Were you the primary designer in 23 those situations? 24 A. In some parts, yes. 25 Q. Isn't it expensive for an OEM to</p>	<p style="text-align: right;">Page 117</p> <p>1 A. No. 2 Q. Do you have any empirical evidence or 3 data to suggest that Rolls-Royce engages in 4 this technique with respect to the Model 250 5 engine? 6 A. No. 7 Q. Moving to Item No. 5, your mandatory 8 service bulletin technique ... 9 A. (Complying.) Uh-huh. 10 Q. You state that the OEM can overstate 11 the importance of an issue by using the word 12 "mandatory" in the title. 13 What evidence or data do you have 14 that Rolls-Royce has done this? 15 A. I don't have any evidence for 16 Rolls-Royce. 17 Q. You have no documents produced by 18 Rolls-Royce related to this technique? 19 A. No. 20 Q. In connection with Item No. 6, you're 21 discussing the ICA, or Instructions for 22 Continued Airworthiness. 23 Has the FAA ever instructed 24 Rolls-Royce or any OEM that every single 25 technical document relating to an engine</p>

<p>1 constitutes Instructions for Continued 2 Airworthiness that must be provided? 3 A. I don't know. 4 Q. Isn't it true that there are no 5 regulations that require Rolls-Royce or any 6 OEM to make available every single technical 7 document? 8 A. I'm not aware of any. 9 Q. Has the FAA ever said that an OEM 10 must make ICA available to anyone who wants 11 it free of charge? 12 A. No. 13 Q. Is it fair for an OEM to charge 14 customers for its ICA? 15 A. Yes, it's fair for them to charge a 16 reasonable price. But I think you -- you 17 need to understand that in order to comply 18 with the regulations, they must be readily 19 available at reasonable cost. 20 One can't price them so high as to be 21 a barrier to getting Instructions for 22 Continued Airworthiness into the hands of the 23 people that need them. 24 Q. I see that you quoted here from one 25 of the regulations, 21 -- Section 21.50.</p>	<p>Page 118</p> <p>1 Q. Do you have any empirical evidence or 2 data to correlate the restricted ICA 3 technique described in Paragraph 6 to 4 Rolls-Royce or the Model 250 engine? 5 A. I have only the complaints that have 6 been filed against Rolls-Royce for failure to 7 supply them. 8 Q. Are you familiar with Advisory 9 Circular No. 33.4-1? 10 A. No. 11 Q. In the section on Page 8 that 12 continues on from Item No. 6, are you again 13 continuing to interpret what you believe 14 21.50 to mean? 15 A. 21.50? 16 Q. Yes. 17 A. I believe this is dealing more with 18 21.303. 19 Q. On Page 8? 20 A. Yes. Down at the bottom, where it 21 says, develop design data, is that where 22 you're talking? 23 Q. Oh, I haven't gotten to that section 24 yet. 25 A. Okay.</p>
<p>1 Is this merely your excerpt of the 2 law that you found to be relevant on this 3 section? 4 A. Yes, it was an excerpt from 21.50. 5 Q. And you're interpreting Section 21.50 6 and its requirements here? 7 A. Yes. 8 Q. Would you agree that the ICA 9 requirements only apply to type certificate 10 applications made after January 28, 1981? 11 A. That is correct as far as the 12 regulation is written, although the FAA is 13 now encouraging, for safety sake, that the 14 ICAs going back be furnished. 15 Q. But under this regulation, it only 16 applies to applications made after January 17 28, 1981? 18 A. Correct. 19 Q. When was the Model 250 type 20 certificated? 21 A. I don't know. 22 Q. So, you don't have any knowledge 23 whether Rolls-Royce is even subject to this 24 regulation? 25 A. No.</p>	<p>Page 119</p> <p>1 Q. I'm still finishing up with this. 2 A. So, above that, yes. 3 Q. Yes. 4 A. Yes, that would be 21.50. 5 Q. Okay. And you're just merely 6 interpreting that regulation there? 7 A. Yes. 8 Q. You reference a letter from James 9 Whitlow, the deputy chief counsel of the FAA. 10 A. Yes. 11 Q. What legal effect does that letter 12 have? 13 A. What legal effect? 14 Q. Yes. 15 A. I don't know. It is -- it is an 16 opinion from the chief counsel of the FAA, 17 so I would assume that it has some effect. 18 Q. And are you interpreting that letter 19 as how -- 20 MS. MOTE: Strike that. 21 Q. Are you interpreting that letter in 22 rendering your opinions here? 23 A. Yes, I am. I'm interpreting and I'm 24 reading exactly the words that -- that are 25 quoted there.</p>

<p style="text-align: right;">Page 162</p> <p>1 A. Just knowing what goes on in the 2 industry.</p> <p>3 Q. How do you know what goes on in the 4 industry?</p> <p>5 A. What's reported in the news, what's 6 reported in various seminars, litigation 7 filings.</p> <p>8 Q. You state that OEMs have become far 9 better at establishing and protecting their 10 trade secrets.</p> <p>11 What do you mean by that?</p> <p>12 A. Well, it's my impression that -- in 13 later years, that OEMs have -- have done a 14 better job of starting from scratch and 15 protecting their -- their proprietary rights 16 and trade secrets.</p> <p>17 Early on in the industry, I think 18 there was probably little reason to worry 19 about protecting those trade secrets, because 20 nobody was using the data but them.</p> <p>21 Q. So, is litigation a part of 22 protecting that trade secret?</p> <p>23 A. Yes, it could be.</p> <p>24 Q. And if it's a trade secret, how would 25 a PMA applicant obtain that information for</p>	<p style="text-align: right;">Page 164</p> <p>1 pattern that's been followed in the industry. 2 But I don't have any specific 3 information, because all I have is the 4 allegations of the complaint and the 5 counterclaim.</p> <p>6 MS. MOTE: For the record, I'd just 7 like to make the speech and PowerPoint 8 Exhibits 218 and 219.</p> <p>9 (The Court Reporter marked documents 10 for identification as Deposition Exhibits No. 11 218 and 219.)</p> <p>12 Q. Turning to Tab No. 5 of the binder of 13 your documents ...</p> <p>14 A. (Complying.) Uh-huh.</p> <p>15 Q. Can you just tell me where you got 16 this document or where you obtained this 17 information?</p> <p>18 A. I obtained it off of the internet, 19 off of a news reporting service, and I did 20 not write down the source of the document 21 when I printed it off.</p> <p>22 Q. So, that was just a news story?</p> <p>23 A. It was a -- yes, it was a news story 24 report from a ...</p> <p>25 Q. It refers in the first sentence to</p>
<p style="text-align: right;">Page 163</p> <p>1 purposes of an identicity?</p> <p>2 A. Well, if it's a trade secret and it's 3 protected, they probably couldn't.</p> <p>4 But if it's a trade secret, or 5 claimed to be a trade secret, and it's 6 really not, if it, for example, belongs to 7 the government, if it's available through 8 Freedom of Information Act or government 9 availability, if it's published and is out in 10 the public domain, then, the material's out 11 there to be used.</p> <p>12 Q. Is there anything in this speech and 13 the PowerPoint that accompanies it -- is 14 there anything in there that correlates to 15 anything that Rolls-Royce is doing with 16 respect to the Model 250 engine?</p> <p>17 A. I don't know that. It could be.</p> <p>18 Q. You have no empirical evidence or 19 data to correlate anything in this speech and 20 PowerPoint to Rolls-Royce and the Model 250 21 engine?</p> <p>22 A. All I've read is the complaint and 23 counterclaim, and it does appears that there 24 are a number of same issues that are raised 25 in -- in those two that are similar to the</p>	<p style="text-align: right;">Page 165</p> <p>1 the association.</p> <p>2 Is it possible that this article came 3 from either MARPA or ARSA?</p> <p>4 A. It's very possible.</p> <p>5 Q. You just don't recall?</p> <p>6 A. I don't recall. And when I went back 7 to research for the source of the document, 8 I couldn't find it easily, so I don't -- I 9 don't know. But it does say, association.</p> <p>10 Q. Turning to Tab No. 7 of that 11 binder ...</p> <p>12 A. (Complying.)</p> <p>13 Q. Can you explain to me what that 14 document is?</p> <p>15 A. It's just -- it's a document on the 16 availability of information.</p> <p>17 Q. Who created this document?</p> <p>18 A. You know, I don't know. I don't know 19 who did that.</p> <p>20 Q. Where did you obtain this document?</p> <p>21 A. Off of the internet.</p> <p>22 This actually, probably, came -- it's 23 got the Whitlow letter attached to the back 24 of it. It probably is an ARSA document.</p> <p>25 Q. Do you know who wrote this document?</p>

1 THE WITNESS: Uh, --

2 THE COURT: Sustained.

3 BY MR. ROBISON:

4 Q Was it common knowledge within TAE that Superior's drawings
5 had to be kept confidential?

6 A Yes.

7 Q And was it common knowledge within TAE that Superior's
8 drawings could only be used for the benefit of Superior?

9 MR. SIMON: Your Honor, I object again. I haven't
10 asserted a leading objection until now, but I'm going to assert
11 the objection now. The question is leading.

12 THE COURT: Sustained.

13 BY MR. ROBISON:

14 Q What was the expectation within TAE regarding the
15 confidentiality of Superior's drawings?

16 A Well, that these drawings are only used for manufacturing
17 the parts which were ordered by Superior.

18 MR. ROBISON: Your Honor, no further questions for
19 this witness at this time.

20 THE COURT: All right. Cross-examination?

21 MR. SIMON: Thank you, Your Honor.

22 CROSS-EXAMINATION

23 BY MR. SIMON:

24 Q Good afternoon, Mr. Wolffson. It's true, isn't it, that
25 TAE had engineers who worked on matters related to Superior Air

1 A Yes.

2 Q Did TAE make diesel aircraft engines?

3 A Yes.

4 Q Did TAE make aviation gasoline or avgas aircraft engines?

5 A No.

6 Q Does Superior make avgas engines?

7 A Yes.

8 Q Are you aware that TAE manufactured parts for Superior's
9 avgas engines as a supplier?

10 A Yes, I am.

11 Q And are you aware of a supplier agreement between Superior
12 and TAE?

13 A Yes.

14 Q And did you become aware of that agreement in your role as
15 head of sales and service --

16 A Yes.

17 Q -- for TAE?

18 A Yes.

19 Q Did Superior supply drawings to TAE pursuant to the
20 supplier agreement?

21 A Yes.

22 Q Was it your understanding that TAE could use Superior's
23 drawings only for the benefit of Superior?

24 A Yes.

25 Q Could TAE make copies of Superior's drawings and sell them

1 to third parties?

2 MR. SIMON: Your Honor, I think we are straying into
3 the land of legal opinions, and this gentleman is a German
4 lawyer, not a United States lawyer. The supplier agreement is
5 governed by our law, not theirs. I think we're straying beyond
6 the boundaries of what's an appropriate response. The question
7 is really inappropriate.

8 THE COURT: Response?

9 MR. ROBISON: Your Honor, he worked for the company at
10 the time. I think his understanding of what the terms of the
11 contract meant is relevant and admissible.

12 THE COURT: I'll allow it, at least at this point.

13 BY MR. ROBISON:

14 Q Mr. Wolffson, did you understand that Superior -- that TAE
15 could make copies of Superior's drawings and sell them to third
16 parties?

17 A No, they couldn't.

18 Q Were you also an employee of Centurion Aircraft Engines AG
19 & Co. KG?

20 A Yes.

21 Q Can we call that Centurion?

22 A Yes.

23 Q Were you on the board of directors of Centurion?

24 A Yes.

25 Q Was Ms. Botica also on the board of directors of Centurion?